

## **Alpha B Development Agreement and Document Outline**

September 1, 2015 - Joint City Council and Port Authority Meeting

### **0) Alpha B Area Map and Site Plan**

#### **1) Purchase and Redevelopment Contract - Approved December 10, 2014**

- a) Parties: City, Port, South Loop Investments, LLC
- b) Purpose: Outlines the framework for the purchase and redevelopment of the site.
- c) Key Points:
  - i) South Loop Investments (SLI) agree to build the Redevelopment (Minimum Improvements) in two phases
    - (1) First phase is a hotel and restaurant/coffee shop along with the parking ramp
    - (2) Second phase is the market/grocery
      - (a) Developer has exclusive rights to develop the Phase II property for three years commencing as of the date of Purchase and Redevelopment agreement, but must also close on the property by September 30, 2018 and commence construction on or before May 31, 2019
      - (b) If developer is not able to find a market/grocery within the three year period, the Port will market the property to the public for these uses for an additional two years.
  - ii) Port agrees to pay for parking ramp up to \$5.62M utilizing the South Loop Development Fund
  - iii) Port will cause the ramp to be built
  - iv) Port owns the parking ramp property and leases the ramp to developer for 25 years from date of Certificate of Completion
  - v) Developer will operate, insure and manage the parking ramp
  - vi) Requires Recapture agreement(s)
  - vii) Public plaza easement provided

#### **2) First Amendment to Purchase and Redevelopment Contract – Considered Sept. 1, 2015**

- a) Parties: City, Port, South Loop Investments, LLC, South Loop Investments 2, LLC
- b) Purpose: Modifies the timing for Phase 1 to be staggered allowing the hotel to begin before the restaurant/coffee
- c) Key Points:
  - i) Conditions of Phase I Property are modified to address changes in timing of the restaurant/coffee shop parcel development
  - ii) Maximum public investment for the parking ramp increased to \$5.75M, while public investment ratio decreases due to increase private costs
  - iii) Added language regarding the developer guarantee for restaurant/coffee completion
  - iv) Sets form of restaurant/coffee shop recapture agreement as an exhibit

#### **3) Public Plaza Easement Maintenance Agreement – Considered Sept. 1, 2015**

- a) Parties: City and South Loop Investments, LLC
- b) Purpose: City retains easement for public plaza
- c) Key Points:
  - i) City pays \$10 per square foot for the easement, and for design and construction of the plaza improvements up to \$200,000
  - ii) Developer pays for on-going maintenance of the public plaza

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### **4) Reciprocal Covenants, Easements, Maintenance and Use Agreement – Considered Sept. 1, 2015**

- a) Parties: Port, South Loop Investments, LLC, South Loop Investments 2, LLC
  - i) Purpose: Perpetual agreement to outline rights and responsibilities of the common areas including parking areas and access ways
- b) Key Points:
  - i) Provide for the shared use of portions of the site (parking, drive aisles, common areas, etc.)
  - ii) Outlines the payment of common area costs such as maintenance
  - iii) Gives the developer some control over certain provisions of the site as a master developer of the site (e.g., the finishes of the buildings, and signage)

### **5) Parking Ramp Development Agreement – Considered Sept. 1, 2015**

- a) Parties: Port, South Loop Investments, LLC
- b) Purpose: Port hires Developer to build the parking structure
- c) Key Points:
  - i) Maximum contribution by Port is \$5,750,000
  - ii) The same construction company will build both the private part of project and the ramp, pending cost review by Port using third-party consultant

### **6) Parking Lease and Management Agreement – Considered Sept. 1, 2015**

- a) Parties: City, Port, South Loop Investments, LLC
- b) Purpose: Outline lease terms for the parking ramp including management of the facility
- c) Key Points:
  - i) Developer agrees to lease, operate, insure, manage and maintain the parking ramp
  - ii) Term is 25 years, then ramp is owned by Developer

### **7) Guaranty Agreement – Considered Sept. 1, 2015**

- a) Parties: City, Port, Guarantors (Terratron, Mercury Investments, David Peters)
- b) Purpose: Developer et al guarantee the completion of restaurant/coffee
- c) Key Points:
  - i) Developer and ownership entities (David Peters, Terratron & Mercury Investments) provide personal/corporate guaranty that restaurant/coffee will start in 2016
  - ii) Developer pays for structured parking cost associated with the restaurant/coffee, if conditions are not met (\$2.1M less up to \$500,000 in common area costs)
  - iii) Port has option to repurchase Restaurant Parcel if no development

### **8) Hotel Recapture Agreement – Considered Sept. 1, 2015**

- a) Parties: City, Port, South Loop Investments, LLC
- b) Purpose: Developer repays to Port up to 50% of ramp costs if above market profit are realized
- c) Key Points:
  - i) Effective for a sale or a mandatory lookback at year 3 after certificate of occupancy
  - ii) Repayments flow to South Loop Development Fund

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### **9) Disbursing Agreement – Considered Sept. 1, 2015**

- a) Parties: Port, South Loop Investments, LLC, title company
- b) Purpose: Ensures that all parties have obligated funding for the project at the time of closing
- c) Key Points:
  - i) Outlines monthly disbursement procedures
  - ii) Port has third-party review of construction progress before disbursement

### **10) Assignment and Subordination Agreement – Considered Sept. 1, 2015**

- a) Parties: Port, City, South Loop Investments, LLC, South Loop Investments 2, LLC, US Bank (Private lender)
- b) Purpose: Lender can take place of developer in case of Developer default
- c) Key Points:
  - i) Lenders rights to property are senior to Port

### **11) Assignment and Assumption Agreement – No approval required**

- a) Parties: South Loop Investments, LLC., South Loop Investments 2, LLC
- b) Purpose: Transfers some rights and obligations for restaurant/coffee parcel go to South Loop Investments 2, LLC
- c) Key Point: Allowed by the Purchase and Redevelopment Contract

### **12) Site Development Agreement – Does not require approval**

- a) Parties: City, Port, South Loop Investments, LLC
- b) Purpose: Memorializes conditions of approval from Council approval of PDP for entire site and FDP for hotel
- c) Key Point: Port is only a party since they will continue to own the Phase 2 property and the ramp

### **13) Design Peer Review and Construction Monitoring Services Agreement – Approved April 6, 2015**

- a) Parties: Port, SRF (LSA)
- b) Purpose: Provides an Independent third-party review of structural design and cost on behalf of the Port
- c) Key Points:
  - i) Ensures the public investment occurs at a market rate cost
  - ii) Provides an independent third-party review of the structural components

### **14) Due Diligence Memorandum (Springsted) – Does not require approval**

- a) Purpose: Provides independent third-party review of developer finances and guarantee
- b) Key points:
  - i) Developer has sufficient financial capacity to perform project
  - ii) Personal/corporate guarantee has more than sufficient assets to provide backing for guarantee